

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
W. R. GRACE & CO., et al.,) Case No. 01-01139 (JKF)
) Jointly Administered
Debtors.) Re: Docket No. _____ and
) 3/21/05 Agenda Item _____

**ORDER AUTHORIZING THE DEBTORS TO ENTER INTO A SETTLEMENT
AGREEMENT WITH THE INTERNAL REVENUE SERVICE WITH RESPECT TO
CERTAIN TAX CLAIMS ARISING IN THE DEBTORS' 1993-1996 TAXABLE YEARS
AND DIRECTING THE DEBTORS TO PAY: (1) ALL INDEMNIFIED TAXES DUE
PURSUANT TO SUCH AGREEMENT AND (2) ALL STATE INDEMNIFIED TAXES
DUE FOR THE DEBTORS' 1990-1992 TAXABLE YEARS**

Upon the motion (the "Motion")¹ of the above captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order authorizing the Debtors to enter into the 1993-1996 Settlement Agreement and directing the Debtors to pay to the IRS no later than April 15, 2005 and to applicable state tax authorities no later than six months after the Debtors have received revised revenue agent reports from the IRS (1) the 1993-1996 Settlement Agreement Indemnified Taxes and (2) the 1990-1992 State Indemnified Taxes; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been given; and after due deliberation and it appearing that sufficient cause exists for granting the requested relief and that the relief requested under the Motion is in the best interests of the Debtors' Estates and creditors; it is hereby

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

ORDERED that the Motion is granted; and it is further

ORDERED that the Debtors are authorized to enter into the 1993-1996 Settlement Agreement and the Debtors are hereby directed to pay to the IRS no later than April 15, 2005 and to applicable state tax authorities no later than six months after the Debtors have received revised revenue agent reports from the IRS relating to the 1993-1996 taxable year (i) all 1993-1996 Settlement Agreement Indemnified Taxes and (ii) all 1990-1992 State Indemnified Taxes; and it is further

ORDERED that the Court shall retain jurisdiction to hear and determine all matters arising from or relating to this Order.

Dated: March ___, 2005

The Honorable Judith K. Fitzgerald
United States Bankruptcy Judge